IPO Analysis: Clearbridge Health Limited

Description

While there has been quite a number of IPOs getting listed on SGX recently, none have managed to successfully capture my attention, but I was admittedly quite intrigued when SGX informed me that there was a new healthcare IPO coming to the Catalist Board.

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Details

Clearbridge Health Limited commenced trading today. Its IPO price was at $0.28, which unfortunately was not open to public subscription, and it ended its first day of trading flat at the same price.

Business

Clearbridge specialises in precision medicine, which is the practice of identifying the individual characteristics of each patient as well as probability of diseases, based on their genomic and metabolomics profile.
They also offer Clinical diagnostic tests through their in-house laboratory, SAM Laboratory Pte Ltd, which includes:
â?? Health screening
â?? Cancer diagnosis
â?? Biomarker diagnostics, capable of surveying for over 138 possible conditions
â?? Treatment monitoring and prognosis

Strengths

Thereâ??s no equivalent competitor in the local stock market.

Although Iâ??m a fan of biotech and genomics, I reckon a lot of bio-technologies at this stage are still rather preliminary and has not yet reached mass adoption stage. I mean, just look at CordLife (incidentally, the CEO for Clearbridge is the former CEO of CordLife).

Risks

At this stage, the outlook for the company looks unclear and fraught with many risks, given its niche industry.

The company is still largely loss-making and does not have consistent net profits to speak of.



Conclusion

IPO price of $0.28 is at a significant premium to its NAV of 14 cents. With little reassurance, Iâ??m not inclined to pay such a premium at this stage.

I like its offering, but Iâ??m just about as confident in this company as an investment as I am in Cordlife, so Iâ??ll give in a pass for now. Will take a second look again when Clearbridge actually starts reporting consistent net profits, and I see more people being open to the idea of genomics and biomarkers testing.

P.S. This is a short analysis because it didnâ??t take me long to conclude that Iâ??ll be staying out for now.

With love,
Budget Babe

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